

*A Report to the*  
***JOINT LEGISLATIVE BUDGET COMMITTEE***

Pursuant to AB 1807 Trailer Bill (Budget Committee), Chapter 74, Statutes of 2006.

**SUMMARY REPORT OF THE IMPLEMENTATION  
OF INCREASED FUNDING TO ENHANCE WAGES  
FOR DAY AND WORK ACTIVITY PROGRAM  
DIRECT SUPPORT WORKERS**

**Submitted by:**

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## **Executive Summary:**

Pursuant to Assembly Bill (AB) 1807 Trailer Bill (Budget Committee), Chapter 74, Statutes of 2006 this status report details the results regarding the implementation of the statutory requirements. AB 1807 authorized the Department of Developmental Services (DDS), to the extent that funds are appropriated in the annual Budget Act for this purpose, to provide a rate increase for the purpose of enhancing wages for direct care staff in day programs, look-alike day programs, and work activity programs that meet specified criteria. In the Budget Act of 2006 the Legislature appropriated \$19,152,000 to implement the rate increase. Prior to implementation of the rate increase, DDS convened a workgroup of stakeholders in the development of implementation guidelines.

During the implementation phase, DDS approved 1,289 applications from eligible service providers. Based on historical costs for the applicants, a 3.86 percent rate increase was provided, which translates into approximately a \$0.54 hourly wage increase across all service types.

This report also outlines the process developed for future oversight activities and additional data collection required to calculate the actual average wage increase that resulted from the rate increase.

## **Implementation Process:**

DDS has completed the implementation of several requirements and initiated implementation of the one remaining requirement specified in AB 1807 Trailer Bill (Budget Committee), Chapter 74, Statutes of 2006. AB 1807 required the provision of a rate increase for the purpose of enhancing wages for direct support workers in day programs, look-alike day programs, and Work Activity Programs (WAPs) that meet the following criteria:

- (1) Provide a majority (defined by the stakeholder workgroup as 51 percent or greater) of their services and supports in integrated, community settings.
- (2) Are day programs that are converting to integrated, community settings.
- (3) Are WAPs that are converting to supported work programs.

DDS met four times beginning in July 2006 through October 2006 with representatives from stakeholder organizations including California Rehabilitation Association, Association of Regional Center Agencies, Protection and Advocacy, Inc., Service Employees International Union, and the Legislature. The purpose of the meetings was to develop implementation guidelines to disburse the \$19,152,000 in funding for the purpose of enhancing wages for direct support workers working in day programs, look-alike day programs, and WAPs. The larger stakeholder group designated a small group of subject matter experts to work with DDS to develop the guidelines specific to data collection. Appendix I is the final implementation guidelines including the data collection requirements.

The workgroup defined the statutory terminology and agreed to criteria to establish eligibility for the rate increase. "Wages" were defined to include payment for labor or services to a worker, including paid sick leave and/or vacation, but not medical or dental benefits or agency administrative costs. "Direct support worker" was defined as staff that personally provides direct services to consumers. Eligible staff, including part-time or temporary workers, must provide direct care 75 percent of the time to be considered eligible for the wage enhancement. Finally, a definition of "majority" was agreed to be a calculation of consumer participation in community activities. To determine if a provider is eligible, the time spent in the community is calculated for the aggregate of consumers served in each program. In the aggregate, the consumers must participate 51 percent of the program day in community-based activities. Transportation and other services are not considered in calculating percentage of time in the community.

DDS developed a web-based application process for eligible service providers to apply for the wage enhancement funding. The web-based application process was vetted with the small group of subject matter experts prior to implementation. The web-based application allowed service providers to submit and update applications until the deadline of midnight on December 26, 2006.

Service providers were notified by mail November 8, 2006, of the application process, deadline, and requirements. The guidelines were posted on the application website along with instructions for completing the application. In addition, CRA assisted with notification to its membership of the application website.

Service providers self-selected to submit an application based on the eligibility criteria outlined in the guidelines. Day program, look-alike day program, and WAP service providers could select option (a) certifying that the program currently meets the requirement of providing 51 percent of its services to consumers in integrated, community settings. Alternately, day programs and look-alike day programs could select option (b) certifying that by June 30, 2008, the program would convert to providing 51 percent of its services in integrated, community settings. This single step process defines conversion of day and look-alike day programs. Also, WAPs could select option (c) certifying that they would be converting to a supported work program. To convert, the WAP would need to transition 10 percent of their consumers into supported employment, by June 30, 2007. Then, the WAP would need to develop a plan, in consultation with the regional center, to transition to a supported work program. This multi-step process defines the conversion of a WAP to a supported work program.

## Results:

DDS received 1,297 applications. Of these, four applications were deemed to be ineligible. Three of the four applications were denied because they had been vendored under ineligible service codes. One application was denied because the provider was closed and no longer providing services. The following tables provide detail regarding the eligible applicants who received rate increases.

The following table displays the number, by regional center, of day programs and WAPs that applied for, and received, an enhanced rate. The table also displays the count of all applicants for the wage enhancement funding.

<b>NUMBER OF APPLICANTS BY REGIONAL CENTER</b>				
<b>Count of Program Type</b>	<b>Program Type</b>			
<b>Regional Center Name</b>	<b>Day Program</b>	<b>Look-Alike</b>	<b>WAP</b>	<b>Grand Total</b>
Alta California	75	34	2	111
Central Valley	47	7	4	58
East Bay	88	8	1	97
Eastern Los Angeles	32	10	1	43
Far Northern	41	23		64
Frank D. Lanterman	31	14	2	47
Golden Gate	53	16	3	72
Harbor	18	21	1	40
Inland Counties	33	7	1	41
Kern	15	28	1	44
North Bay	39	6	2	47
North Los Angeles	68	1	1	70
Orange County	63	14	1	78
Redwood Coast	15	20	1	36
San Andreas	72	4	4	80
San Diego	78	17		95
San Gabriel	35	5		40
South Central Los Angeles	36	8	1	45
Tri-Counties	90	6		96
Valley Mountain	27	6		33
Westside	37	15		52
<b>Grand Total</b>	<b>993</b>	<b>270</b>	<b>26</b>	<b>1289</b>

The following table displays the percentage of applications received, by service type.

<b>PERCENTAGE OF APPLICANTS TO ELIGIBLE VENDORS</b>				
<b>Service Code</b>	<b>Service</b>	<b>Total Eligible Vendors</b>	<b>Number of Applications</b>	<b>% of Eligible Vendors</b>
28	Socialization Training Program	138	50	36.23%
48	Behavior Intervention Training	64	15	23.44%
55	Community Integration Training Program	302	156	51.66%
63	Community Activities Support Services	93	38	40.86%
91	Mobile Day Program	22	8	36.36%
94	Creative Art Program	12	3	25.00%
505	Activity Center	149	65	43.62%
510	Adult Development Center	554	332	59.93%
515	Behavior Management	235	169	71.91%
520	Independent Living	275	185	67.27%
525	Social Recreation	29	16	55.17%
605	Adaptive Skills Trainer	126	43	34.13%
635	Independent Living Specialist	71	28	39.44%
805	Infant Development Program	278	155	55.76%
954	Work Activity Program	141	26	18.44%
<b>Totals</b>		<b>2489</b>	<b>1289</b>	<b>51.79%</b>

The following table displays the number of program conversions, by regional center. The table also displays the count of applicants that self-certified to meeting the requirement of providing 51 percent or more of their services in integrated, community settings. Additionally, the table displays those applicants who are in the process of converting their services to meet the requirement.

<b>NUMBER OF PROGRAMS CONVERTING TO COMMUNITY-BASED SERVICES</b>							
	<b>Day Program</b>		<b>Look Alike</b>		<b>WAP</b>		
<b>Regional Center</b>	<b>Meets Requirement</b>	<b>Converting</b>	<b>Meets Requirement</b>	<b>Converting</b>	<b>Meets Requirement</b>	<b>Converting</b>	<b>Grand Total</b>
Alta California	58	17	25	9	1	1	111
Central Valley	37	10	7		2	2	58
East Bay	57	31	5	3		1	97
Eastern Los Angeles	26	6	9	1		1	43
Far Northern	39	2	22	1			64
Frank D. Lanterman	20	11	11	3		2	47
Golden Gate	39	14	14	2	2	1	72
Harbor	11	7	16	5		1	40
Inland Counties	16	17	6	1		1	41
Kern	11	4	22	6	1		44
North Bay	10	29	2	4		2	47
North Los Angeles	45	23	1			1	70
Orange County	41	22	7	7		1	78
Redwood Coast	8	7	13	7		1	36
San Andreas	52	20	4			4	80
San Diego	57	21	5	12			95
San Gabriel	26	9	4	1			40
South Central Los Angeles	18	18	6	2	1		45
Tri-Counties	55	35	6				96
Valley Mountain	18	9	5	1			33
Westside	20	17	8	7			52
<b>Grand Total</b>	<b>664</b>	<b>329</b>	<b>198</b>	<b>72</b>	<b>7</b>	<b>19</b>	<b>1289</b>

The percentage of rate increase provided to programs was 3.86 percent. This was determined by totaling the historical costs, for the eligible applicants, during Fiscal Year (FY) 2005-06 and calculating the percent increase to those costs to utilize the \$19,152,000 in additional funding.

#### Summary of Rate Increase Calculation:

- Total Costs in FY 2005-06 for the 1,289 vendors = \$480,901,833
- Total Costs adjusted for 3 percent rate increase on July 1, 2006 = \$495,328,888
- \$19,152,000 for wages = 3.866522 percent increase
  - Formula to calculate percentage increase: \$19,152,000/\$495,328,888



## Wage Impact Analysis:

During the application process, service providers were required to submit data on the total wages paid to direct support workers and the number of hours worked for those wages. Using this data, DDS projected the impact of the rate increase on direct support workers' wages in the aggregate. To be able to complete these projections, DDS worked with service providers to verify the data submitted. First, the mean wage per hour was calculated for each service code. Then, all service providers who submitted data that was one standard deviation above or below the mean were contacted to verify the data submitted. Many of the service providers that were contacted provided corrected data to DDS to replace the data that was originally submitted. The mean wage per hour was then calculated for each service code using the corrected data.

After determining the mean wage by service code, the 3.86 percent was applied to each mean to estimate the increase to the mean hourly. This table displays the estimated increase.

<b>ESTIMATED HOURLY WAGE INCREASE BY SERVICE</b>				
<b>Service Code</b>	<b>Service</b>	<b>Average Hourly Wage Calculation</b>	<b>With 3.86% Increase</b>	<b>Estimated Hourly Increase</b>
028	Socialization Training Program	\$14.39	\$14.92	\$0.53
048	Behavior Intervention Training	\$24.56	\$25.46	\$0.90
055	Community Integration Training Program	\$12.69	\$13.16	\$0.47
063	Community Activities Support Services	\$11.73	\$12.16	\$0.43
091	Mobile Day Program	\$14.40	\$14.93	\$0.53
094	Creative Art Program	\$12.29	\$12.74	\$0.45
505	Activity Center	\$13.62	\$14.12	\$0.50
510	Adult Development Center	\$11.71	\$12.15	\$0.43
515	Behavior Management	\$11.72	\$12.15	\$0.43
520	Independent Living	\$14.31	\$14.84	\$0.53
525	Social Recreation	\$12.33	\$12.79	\$0.45
605	Adaptive Skills Trainer	\$17.29	\$17.93	\$0.64
635	Independent Living Specialist	\$18.31	\$18.98	\$0.67
805	Infant Development Program	\$25.24	\$26.17	\$0.93
954	Work Activity Program	\$13.68	\$14.19	\$0.50
<b>Mean of All Service Codes</b>		<b>\$14.59</b>	<b>\$15.12</b>	<b>\$0.54</b>

The final calculation of the impact of the rate increase on direct support workers' wages is pending the implementation of the final step in the process developed with the stakeholders. By December 11, 2007, eligible applicants are required to submit additional data to DDS. This data will be used to calculate the statewide average wage, by service code, for direct support workers and then compared to the calculations made on the data submitted in the original application. The difference will be the actual impact on wages.

## **Oversight Process:**

By applying for, and receiving, the rate increase to enhance wages for direct support workers, each provider agreed to the requirements in the guidelines. This includes maintaining all documentation necessary to verify both meeting the requirements of providing integrated, community services and the increase in wages for eligible direct support workers employed by the service provider. DDS will work in conjunction with regional centers to conduct a program review, of a random sample of applicants, to verify the provision that the majority of services provided are integrated, community services. The program review will also help to verify the pass-through of funds as wage enhancements for direct support workers. In addition, any service provider who received funding, and is audited as a part of the audit requirements of Title 17, must provide the requested documentation. Service providers that do not meet the requirement, or do not have the documentation to support their meeting the requirement, will return to the rate that was in effect prior to the implementation of the rate increase.

Service providers that certified that they are working towards meeting the requirements must submit additional data to DDS which verifies their compliance towards meeting the requirements. Service providers who do not submit the data, as required, or who are not meeting the requirements will be returned to the rate that was in effect prior to the implementation of the rate increase.